

Amend Section 75.55 of the Revenue and Taxation Code to increase the limits on supplemental assessments that may be cancelled to be equivalent to the low-value ordinance exemption limits in Section 155.20 by: (1) increasing the maximum cancellation amounts from \$20 to \$50; and (2) deleting obsolete language concerning mobilehome accessories.

Source: Property Taxes Department

Section 1(a) of Article XIII of the California Constitution provides that all property is taxable unless otherwise provided by that constitution or the laws of the United States.

Section 7 of Article XIII provides that the Legislature, two-thirds of the membership of each house concurring, may authorize a county board of supervisors to exempt real property having a full value so low that, if not exempt, the total taxes and applicable subventions on the property would amount to less than the cost of assessing and collecting them.

The Legislature enacted Revenue and Taxation Code Section 155.20 to provide the necessary statutory implementation for this statutory provision. It authorizes a county board of supervisors to exempt from property tax real property with a base year value and personal property with a full value so low that, if not exempt, "the total taxes, special assessments, and applicable subventions on the property would amount to less than the cost of assessing and collecting them." This exemption is commonly referred to as the "low-value ordinance" exemption.

With respect to supplemental assessments, Revenue and Taxation Code Section 75.55 provides that a county board of supervisors may, by ordinance, permit the county (presumably this means the county auditor or tax collector) to cancel supplemental tax bills which are less than \$20, or less than \$50 for mobilehome accessories. Alternatively, a county board may adopt an ordinance allowing the assessor to cancel the supplemental assessments in the first place. The provision allowing the assessor to cancel the supplemental assessment in the first instance was added in 1990 (AB 3843, Ch. 1494) and sponsored by the Stanislaus County Assessor's Office. The purpose of giving the assessor authority to cancel the supplemental assessment was to relieve the county of unnecessary administrative costs in making supplemental assessments resulting in tax bills that would ultimately be cancelled.

The maximum supplemental assessment amounts that may be cancelled under Section 75.55 have generally tracked the low-value ordinance exemption amounts provided in Section 155.20. But, because of the supplemental assessment proration factors, they relate to an equivalent amount of tax rather than assessed value. The cancellation limits in Section 75.55 have not changed since 1991. Since then, the Board of Equalization sponsored legislation in 1995 to amend Section 155.20 to increase the maximum amount of the low-value ordinance, from \$2,000 to \$5,000 for

all property (SB 722, Stats. 1995, Ch. 497). Additionally Section 155.20 was further amended in 1996 to allow counties to create a special low-value ordinance for certain possessory interests at a \$50,000 level (SB 1737, Stats. 1996, Ch. 570). Also in 1996, the language in Section 155.20 relating to a \$5,000 limit for certain mobilehome accessories was eliminated since it was made obsolete by the 1995 increase to \$5,000 for all property. Thus, the \$20 and \$50 limits currently found in Section 75.55 relate to the pre-1995 low-value ordinance assessment limits of \$2,000 for most property and \$5,000 for mobilehome accessories, found in Section 155.20.

This proposal would conform Section 75.55 to Section 155.20 by increasing, from \$20 to \$50, the maximum amount of tax that may be cancelled due to a supplemental assessment. This proposal would also eliminate the unnecessary language specific to mobilehome accessories. (Note: The provisions related to certain possessory interests found in Section 155.20 are not included in Section 75.55 since interests in counties with such ordinances are exempt from taxation in the first instance and therefore do not result in a supplemental assessment requiring cancellation.)

Section 75.55 of the Revenue and Taxation is amended to read:

75.55. (a) A county board of supervisors may, by ordinance, provide for the cancellation of any supplemental tax bill in which the amount of taxes to be billed is less than the cost of administration assessing and collecting them. In no event shall any supplemental tax bill be canceled pursuant to this subdivision if the amount of taxes on that bill exceeds ~~twenty dollars (\$20), or fifty dollars (\$50), in the case of eligible mobilehome accessories.~~

(b) Except where a county board of supervisors has adopted an ordinance pursuant to subdivision (a), a county board of supervisors may, by ordinance, provide for the cancellation by the assessor of any supplemental assessment where that assessment would result in an amount of taxes due which is less than the cost of assessing and collecting ~~these taxes them~~. In no event shall any supplemental assessment be canceled pursuant to this subdivision if the amount of taxes resulting from that supplemental assessment would exceed ~~twenty dollars (\$20), or fifty dollars (\$50) in the case of eligible mobilehome accessories.~~

(c) Notwithstanding this section, no taxable real property shall be exempt from property taxes assessed on the lien date, as provided in Section 2192, unless the property is otherwise exempt under this division.

~~(d) For purposes of this section, "eligible mobilehome accessories" means mobilehome accessories, as defined in Section 18008.5 of the Health and Safety Code, with a base year value or full value of five thousand dollars (\$5,000) or less, that are installed on or added to mobilehomes purchased prior to July 1, 1980, and subject to vehicle license fees pursuant to Part 5 (commencing with Section 10701) of Division 2.~~